

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-03
INR-10 NSAE-00 XMB-02 OPIC-03 SP-02 LAB-04 SIL-01
OMB-01 SS-15 STR-07 CEA-01 ICAE-00 SSO-00 INRE-00
/075 W

-----044186 081830Z /50

R 081802Z MAY 78
FM AMEMBASSY BONN
TO SECSTATE WASHDC 8338
DEPARTMENT TREASURY
WHITE HOUSE WASHDC
INFO AMEMBASSY BRUSSELS
AMEMBASSY PARIS

LIMITED OFFICIAL USE SECTION 01 OF 02 BONN 08491

USEEC AND USOECD
WHITE HOUSE FOR OWEN
DEPARTMENT PASS FRB AND CEA

E.O. 11652: N/A
TAGS: ECON EFIN GW
SUBJECT: INDUSTRIAL PRODUCTION AND NEW
ORDERS IN FEBRUARY AND MARCH

1. FRG INDUSTRIAL PRODUCTION CONTINUES WEAK. THE INDUSTRIAL PRODUCTION INDEX (SEASONALLY ADJUSTED; 1970 EQUALS 100) FOR FEBRUARY WAS REVISED DOWNWARD FROM A PRELIMINARY 114 TO 113. IN MARCH, THE INDEX DECLINED FURTHER TO 111, ACCORDING TO PRELIMINARY FIGURES, WITH A PICK-UP OF CONSTRUCTION MORE THAN OFFSET BY DECLINES ELSEWHERE, PARTICULARLY IN OUTPUT OF CAPITAL GOODS.

2. WHILE THE PRODUCTION DIP FROM FEBRUARY TO MARCH WAS PARTLY ATTRIBUTABLE TO REGIONAL STRIKES, THE MAIN
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IMPACT OF THE STRIKES WILL ONLY COME IN APRIL. IN FEBRUARY/MARCH, INDUSTRIAL PRODUCTION FELL SHORT OF DECEMBER/JANUARY LEVELS BY 4.7 PERCENT. CUMMULATIVE FIGURES FOR THE FIRST QUARTER 1978 SHOW A 1.2 PERCENT DECLINE FROM FOURTH QUARTER 1977 RESULTS, INDICATING THAT THE STRONG PERFORMANCE OF REAL GNP LATE LAST YEAR HAS NOT BEEN SUSTAINED IN EARLY 1978.

3. ALSO NEW INDUSTRIAL ORDERS, A LEADING FORWARD INDICATOR, REMAINED DISAPPOINTING THROUGH MARCH. JUDGING FROM PRELIMINARY FIGURES JUST RELEASED, THE OVERALL INDEX OF THE VALUE OF NEW ORDERS, WHICH HAD DECLINED SHARPLY IN JANUARY AND FEBRUARY, FAILED TO RECOVER IN MARCH, DESPITE RENEWED GROWTH OF EXPORT ORDERS.

4. TABLES DETAILING PRODUCTION DATA AND SUMMARIZING ORDER VALUE FIGURES FOLLOW. PRELIMINARY ORDER VOLUME DATA FOR MARCH AND REVISED EARLIER MONTHS' FIGURES IN THE SERIES WILL BE REPORTED IN THE USUAL DETAIL UPON RELEASE.

TABLE I
INDUSTRIAL PRODUCTION INDEX
SEASONALLY ADJUSTED (1970 EQUALS 100)

----- THEREOF -----				
1977	TOTAL	CONSTRUCTION	CAPITAL GOODS	CONSUMER GOODS

JAN	114	92	115	116
FEB	114	96	114	113
MAR	116	102	117	115

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APR	114	96	114	114
MAY	113	97	113	114
JUNE	114	99	114	115
JULY	113	97	114	111
AUG	114	97	116	118
SEPT	114	97	117	117
OCT	114	98	115	116
NOV	115	98	115	115
DEC	117	101	119	117

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INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-03

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OMB-01 SS-15 STR-07 CEA-01 ICAE-00 SSO-00 INRE-00

/075 W

-----044157 081829Z /50

R 081802Z MAY 78

FM AMEMBASSY BONN

TO SECSTATE WASHDC 8339

DEPARTMENT TREASURY

WHITE HOUSE WASHDC

INFO AMEMBASSY BRUSSELS

AMEMBASSY PARIS

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1978

JAN	118	103	120	117
FEB	113	87	114	113
MAR	111	93	107	N.A.

TABLE II

NEW ORDERS VALUE

SEASONALLY ADJUSTED (1970 EQUALS 100)

1977	TOTAL	DOMESTIC	FOREIGN
NOV	164	149	211
DEC	173	157	212

1978

JAN	160	151	195
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FEB	153	141	193
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MARCH	154	139	207
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